



Health Services
LOS ANGELES COUNTY

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November 25, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL TO EXTEND MEDICAL
WASTE DISPOSAL SERVICES AGREEMENT
(ALL DISTRICTS)
(3 VOTES)**

SUBJECT

Request approval to extend the term of the current Agreement for six months with Stericycle, Inc. for the continued provision of medical waste disposal services.

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Interim Director of Health Services, or his designee, to execute Amendment No. 3 to Agreement No. H-207555 with Stericycle, Inc. to extend the contract term, effective January 1, 2009 through June 30, 2009 and implement rate increases, which include an Energy Surcharge fee, with an estimated net County cost of \$342,015 for the extended provision of medical waste disposal services.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the Amendment, substantially similar to Exhibit 1, will allow the continued provision of services to the Department of Health Services (DHS), Department of Public Health (DPH), Sheriff Department (SD), and Department of Coroner (DC); and, increase the contractor rates in accordance with the COLA provisions of the Agreement by approximately three percent. The increased Contractor reimbursement rates for medical waste disposal are:

Autoclave Waste:	\$0.23 increased to \$0.237 per pound
Incinerate Waste:	\$0.65 increased to \$0.689 per pound
Minimum Fee:	\$56.14 increased to \$57.75 per pick-up

The extension is necessary to allow DHS the additional time necessary to complete an already initiated solicitation process for new contracts.

Implementation of Strategic Plan Goals

The recommended action supports Goal 1 and Goal 8, Service Excellence and Public Safety, respectively, of the County's Strategic Plan by providing continued medical waste disposal services.

FISCAL IMPACT/FINANCING

The estimated cost for Amendment No. 3 for the period January 1, 2009 through June 30, 2009 is \$342,015 which consists of \$248,635 for DHS, \$41,380 for DPH, \$27,000 for SD, and \$25,000 for DC.

Funding for these services is included in the Fiscal Year (FY) 2008-09 Final Budgets for DHS, DPH, SD, and DC.

Payment during this contract term will be made on a fee-for-service basis, at increased rates per pound or per collection (pickup) rates, whichever is greater, and the Energy Charge per site stop to offset the Contractor's increased fuel, disposal and transportation costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

For a number of years, the Department has contracted for the collection, transportation and disposal of medical waste from various DHS, DPH, SD, and DC facilities throughout the County.

On December 17, 2001, the Department released an Invitation for Bid (IFB) for the continuation of medical waste disposal services. Stericycle, Inc. was the only bidder in attendance at the mandatory bidders' conference. Due to a lack of attendance, the IFB was cancelled and sole source negotiations were initiated with Stericycle, Inc. On June 18, 2002, your Board approved a sole source agreement with Stericycle, Inc. effective July 1, 2002 through June 30, 2007.

The current Agreement allows rates to be adjusted for inflation at the end of each contract year for the following year by a figure equal to the average salary percentage movement granted to County employees, or the average Consumer Price Index percentage figure for All Urban Consumers, whichever is less. During FY 2003-04, Stericycle, Inc. received a three percent cost-of-living rate adjustment, the maximum allowed by the Agreement.

On November 3, 2004, your Board approved Amendment No. 1 to the Agreement with Stericycle, Inc. to increase the rates the County pays for collection, transportation, and disposal of medical waste, needed to offset the Contractor's increased fuel costs and costs due to changes in landfill and transportation requirements. The Amendment also added an "incorrectly packaged waste" charge to allow Stericycle, Inc. to recover costs when medical waste is incorrectly packaged by a facility.

On June 19, 2007, your Board approved Amendment No. 2 to extend the term, increase the rates the County pays for the collection, transportation and disposal of medical waste by 3.49 percent, and provide to Stericycle, Inc. reimbursement of an annual State-assessed permit fee.

Under the termination provisions of the Agreement, the Agreement may be terminated for convenience by either party with a 180-calendar day advance written notice to the other party, and for cause by the County with a 10-calendar day advance written notice to the Contractor. Amendment No. 3 will include the most recent Board required contract provisions.

Exhibit I has been approved as to form by County Counsel.

CONTRACTING PROCESS

Because there were very few locally-based State-permitted offsite medical waste treatment facilities, and/or State-authorized medical waste transporters capable of providing services on the scale required for the collection and disposal of medical waste at all of the DHS, DPH, DC, and SD facilities throughout the County, the Department is in the process of developing a Request for Information (RFI) which will help to determine the feasibility of a competitive solicitation.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Board approval of the recommended action will ensure that essential medical waste disposal services continue uninterrupted through June 30, 2009.

The Honorable Board of Supervisors
November 25, 2008
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When approved, DHS requires three (3) signed copies of the Board's action.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'John F. Schunhoff', with a stylized, flowing script.

John F. Schunhoff, Ph.D
Interim Director of Health Services

JFS:adb

Attachment

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

Medical Waste Disposal Services Agreement BI

Contract No. H-207555

MEDICAL WASTE DISPOSAL SERVICES AGREEMENT

AMENDMENT NO. 3

THIS AMENDMENT is made and entered into this _____ day
of _____, 2009,

by and between

COUNTY OF LOS ANGELES
(hereafter "County"),

and

STERICYCLE, INC.
(hereafter "Contractor").

WHEREAS, reference is made to that certain document entitled
"MEDICAL WASTE DISPOSAL SERVICES AGREEMENT", dated July 1, 2002,
and further identified as County Agreement No. H207555, and any
amendments thereto (all hereafter "Agreement"); and

WHEREAS, it is the intent of the parties hereto to amend
Agreement to extend the term, revise collection rates, add a
State assessed fee, and make other hereinafter described changes.

WHEREAS, said Agreement provides that changes may be made in
the form of a written amendment which is formally approved and
executed by the parties.

NOW, THEREFORE, the parties hereto agree as follows:

1. This Amendment shall be effective on January 1, 2009.
2. The term of Agreement is hereby extended for six (6)
months, to June 30, 2009, unless sooner terminated or canceled,

as provided in this Agreement.

3. Exhibit B, BILLING, PAYMENT AND SCHEDULE OF RATES, Paragraph 2, SCHEDULE OF RATES, shall be amended to read as follows:

"2. SCHEDULE OF RATES: County shall compensate Contractor for providing services hereunder at rates not to exceed the following:

A. Collection Rate for Autoclave Waste: County shall compensate Contractor at the collection rate of \$0.237 per pound or \$57.745 per collection, whichever is greater.

B. Collection Rate for Waste to be Incinerated: County shall compensate Contractor at the collection rate of \$0.689 per pound or \$57.745 per collection, whichever is greater.

C. Special Emergency Collection Rate (to be used in the event a facility's autoclave becomes inoperable and for other emergency reasons, including a request from a County Facility for a collection at a site not designated in Agreement, e.g., medical waste on a city street adjacent to County Facility): County shall compensate Contractor One Hundred Forty Dollars (\$140) per call, and Thirty-Nine Cents (\$0.39) per pound for

autoclave waste and Sixty-Nine Cents (\$0.69) per pound for incineration waste for an emergency collection. For an emergency collection of waste at a site not designated in Agreement, Contractor shall provide all necessary containers, including barrels, red bags, and other clean-up materials. Contractor shall provide an emergency collection service response within four (4) to six (6) hours of initial request from a County Facility. If Contractor is unable to meet the specified response time due to unavoidable circumstances such as poor weather conditions, traffic congestion, or other such situation, Contractor shall notify County and provide an emergency collection service as soon as it is safely possible to do so.

D. Cost-of-Living Adjustments: The maximum collection rates may be adjusted annually for inflation, at the end of a contract year, at the County's sole discretion, for the following contract year based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for All Urban Consumers for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-

month period preceeding the agreement anniversary date (i.e., July to July), which shall be the effective date for any cost-of-living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the Chief Administrative Office as of each July 1 for the prior 12-month period. Should fiscal circumstances ultimately prevent the Board from approving any increases in County employee salaries, no cost-of-living adjustment as described under this Paragraph may be granted. Rate adjustments must be requested in writing ninety (90) days prior to the end of each contract year for the following contract year.

E. In the event there are amendments to federal, State, or local laws, rules, regulations, ordinances, and/or directives regarding medical waste disposal that result in the establishment of mandatory administrative fees (e.g., permit fees) charged to Contractor, County may compensate Contractor for such mandatory administrative fees. Contractor shall notify County in writing sixty (60) days in advance of Contractor's request to charge County such mandatory administrative fees."

4. Exhibit B, BILLING, PAYMENT AND SCHEDULE OF RATES, Paragraph 3, ADDITIONAL SERVICE CHARGES, shall be amended to add the following sub-paragraph:

"E. Energy Surcharge Per Stop: Due to significant increases in oil and energy costs, County shall compensate Contractor at the rate of Eight Dollars and Seventy-Five Cents (\$8.75) per stop."

5. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Agreement to be subscribed by its

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Director of Health Services, and Contractor has caused this Agreement to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
JOHN F. SCHUNHOFF, Ph.D
Interim Director

STERICYCLE, INC.
Contractor

By _____
Signature

Printed Name

Title _____
(AFFIX CORPORATE SEAL)

APPROVAL AS TO FORM BY THE
OFFICE OF THE COUNTY COUNSEL
RAYMOND G. FORTNER

APPROVED AS TO
CONTRACT ADMINISTRATION:

DEPARTMENT OF HEALTH SERVICES
CONTRACTS AND GRANTS DIVISION

AMDCD4440.ADB